(a) whether the Air India and Indian Airlines have reportedly incurred loss of nearly Rs. 850 crore for 2006-07 fiscal;

(b) if so, the reasons for such huge losses by the national carriers;

(c) whether Government is also aware that there has been a forty per cent growth in the Indian aviation sector; and

(d) if so, what steps Government has taken so far to improve the operations and profits of both Air India and Indian Airlines?

THE MINISTER OF STATE OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL): (a) Erstwhile Air India and Indian Airlines have incurred a net loss of Rs. 447.93 crores and Rs. 240.29 crores respectively during the year 2006-07.

(b) A combination of factors such as high Aviation Turbine Fuel (ATF) prices, rising labour costs including payment of wage arrears of more than Rs. 700 crores, loans raised for acquisition of new aircraft and intense price competition among the airline operators have been the main reasons for the losses.

(c) In 2007, the domestic passenger carriage in India has grown by approximately 33% over the previous year.

(d) In order to improve the operational performance and profitability, the Government has approved the merger of Air India and Indian Airlines into National Aviation Company of India Limited. Their merger has the potential to provide substantial synergy for procurement, sales and distribution besides affording an opportunity for financial restructuring/ strengthening by leveraging common assets.

Further, the airlines have been permitted to add more capacity by purchasing 111 state-of-the-art new aircraft. Other commercial measures such as route rationalization alongwith introduction of services on new routes, product improvement and joining of 'Star Alliance' have also been taken by NACIL.

Aviation Academy in Kerala

1879. SHRI K.E. ISMAIL: Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether Government is considering a proposal to upgrade the Rajiv Gandhi Aviation Academy in Kerala to a National Institute to enable advance private training of the Pilots; and

(b) if so, the details thereof?

THE MINISTER OF STATE OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL): (a) and (b) No, Sir. The Rajiv Gandhi Aviation Academy has been set up by the State Government of Kerala. The institute is not operational presently. There is no proposal with Ministry of Civil Aviation to elevate the academy as National Institute.